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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 002543

SIPDIS

STATE FOR NEA/ARPI, NEA/PI, EB/TPP,BTA, EAP/ANP

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TAGS: [ETRD](#) [ECON](#) [PREL](#) [AS](#) [TC](#) [FTA](#)

SUBJECT: AUSTRALIANS GENERALLY SATISFIED WITH FTA
NEGOTIATIONS WITH THE UAE

Classified by Ambassador Michele Sison for reasons 1.4 (b and d)

1. (C) Summary: On June 7, lead Australian negotiator Stephan Dedy told Ambassador that he was "quite pleased" with the results of the second round of FTA negotiations, although the talks are still in a very preliminary stage. The Australians plan to move the agreement forward, but are not going to try and push for a quick resolution. According to Dedy, the Australians are concerned with how the UAEG proposes to resolve its federal-state jurisdictional issue. He noted that the Emiratis were also feeling Saudi pressure for negotiating another bilateral FTA. Dedy explained that the Australians and the Emiratis had divided the job of writing text, and it was clear, from the UAEG's text, that the Emiratis had absorbed lessons from their negotiations with the U.S. End Summary.

2. (C) On June 7, Australian Ambassador Noel Campbell, Stephan Dedy (First A/S Trade Development Division, Department of Foreign Affairs and Trade) and Mark Pierce (A/S Market Development, Business Liaison & Regional Trade Policy Branch). met with Ambassador and EconChief to discuss the results of Australia's second round of FTA negotiations with the UAE. Dedy noted that Australia was only negotiating an FTA with the UAE and did not currently intend to negotiate FTAs with the rest of the Gulf Cooperation Council. Dedy emphasized that he was "quite pleased" with the progress made and that the next round would tentatively be in Australia in November.

Issues and Concerns

3. (C) Although Dedy said he was pleased with the progress of the round, he was concerned about the federal-emirate jurisdictional issue. He said that the Abu Dhabi Investment Authority representatives had explained that the Federal Government could not commit to some matters (such as control of natural resources) that were the responsibilities of the individual emirates. Dedy explained that he would not be able to "sell" an agreement back in Australia with only five percent of the UAE economy. He was waiting to see how much the UAE would be willing or able to bind its emirates, but was optimistic the problem would be resolved.

4. (C) Dedy stated that the Emiratis were facing Saudi pressure about their decision to negotiate an FTA with Australia. He noted the press reports stating that the GCC had come to terms with its members negotiating bilateral FTAs with the U.S., but not other countries. He emphasized, however, that Minister of Economy Sheikh Lubna Al-Qasimi, had told him that the UAEG was committed to negotiating with Australia. He noted, however, that the parties did not hold a press conference on the conclusion of the round, and his sense was that this was due to UAEG sensitivity to the Saudi opposition.

5. (C) Dedy also mentioned that the UAE negotiators had problems with transparency issues such as "prior comment," asking "why" the UAEG should subject its laws and regulations to comment in the drafting stage. Although the Australians do not have a labor chapter, they did notice that the UAE was sensitive about its large expatriate population. Australian proposed text states that the benefits of the agreement would apply to citizens and permanent residents of each country. The UAE negotiators sharply responded that "there were no permanent residents" in the UAE. Dedy stated that the sides had not discussed issues such as the Agencies law or the Commercial Companies law in detail during this round.

Round Two - Big Picture and Exchange of Text

6. (C) Dedy explained that this was the first real negotiating round. During the first round, in Australia, both parties discussed concepts and agreed to share the job of drafting text. Australia drafted the Services, Financial Services, Dispute Settlement, Customs cooperation, and science based standards texts. The UAE drafted the E-Commerce, telecoms, technical barriers to trade, and IP chapters. Australia will draft the procurement and rules of origin chapters. According to Dedy, the UAE's texts

appeared to reflect its negotiations with the U.S. He said that he recognized some of the concepts from the U.S. - Australia FTA.

17. (C) Dedy said that the negotiators were not yet going through the document "line-by-line" but were still getting to know each other. This approach suited the Australians, he emphasized, since they were still consulting with industry about specific goals and objectives for the FTA. He admitted that this was one FTA where the Australians had agreed to negotiate, before finishing all of their internal consultations. Dedy told Ambassador that he thought the UAE negotiators were very dedicated to the FTA negotiations, but that they were still very inexperienced. He had the sense that they had not quite realized the detailed nature of the U.S. and Australian FTAs when they agreed to negotiate.

Comment

18. (C) It is apparent that the UAE is learning from its U.S. FTA negotiations and that the Australians are facing some of the same issues that we are. A key issue will be how the UAE proposes to resolve its federal-state jurisdictional issue and bring the individual emirates on board. We believe that the UAE leadership remains committed to an FTA with the U.S. It is clear, however, that the Emiratis did not realize just how much they were "biting off." The UAE negotiators are working hard, but are facing a steep learning curve and are stretched by several commitments, including the U.S. and Australian FTAs, the GCC FTA and other commitments, such as the annual ILO meetings in Geneva. End Comment.
SISON